



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 2
290 BROADWAY
NEW YORK, NY 10007-1866

SEP 30 2014

URGENT LEGAL MATTER
PROMPT REPLY NECESSARY
CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Hoy E. Frakes, Jr., President
Shieldalloy Metallurgical Corp.
P.O. Box 768
35 S. West Blvd
Newfield, NJ 08344

Re: Notice of Potential Liability and Administrative Settlement Agreement Negotiations
Shieldalloy Metallurgical Corporation Superfund Site, Newfield, New Jersey

Dear Mr. Frakes:

Under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA"), 42 U.S.C. §9601, et seq., commonly known as the federal "Superfund" law, the U.S. Environmental Protection Agency ("EPA") is responsible for responding to the release or threat of release of hazardous substances, pollutants or contaminants into the environment – that is, for stopping further contamination from occurring and for cleaning up or otherwise addressing any contamination that has already occurred.

EPA has documented the release of hazardous substances into the environment at the Shieldalloy Metallurgical Corporation Superfund Site ("Site") located in the Borough of Newfield, Gloucester County, New Jersey, with a small portion of the Site located in Vineland, Cumberland County, New Jersey. Pursuant to CERCLA, and in response to these releases and the threat of future such releases, EPA has spent public funds and anticipates spending additional public funds to investigate and control releases of hazardous substances or potential releases of hazardous substances at the Site.

Notice of Potential Liability

Under CERCLA and other laws, responsible parties may be held liable for any costs incurred by the government in taking response actions at the Site. The costs may include, but need not be limited to, expenditures for investigation, planning, cleanup of the Site, and enforcement actions. Responsible parties may also be subject to orders requiring them to take response actions themselves. Responsible parties under CERCLA include, among others, the current and past owners and/or operators of a facility from which there has been a release or threatened release of hazardous substances, as well as persons who arranged for the transport for disposal or treatment of hazardous substances owned or possessed by such persons.

EPA has previously determined that the Shieldalloy Metallurgical Corporation ("SMC") is a potentially responsible party ("PRP") under Section 107(a) of CERCLA, 42 U.S.C. §9607(a), regarding the Site and, by this letter, EPA reiterates that it considers SMC to be a PRP for the Site. EPA encourages SMC to voluntarily perform or finance those response activities that EPA determines are necessary at the Site.

Response Actions at the Site

Studies have been conducted in the past to characterize the non-perchlorate contamination found in the soil, sediment, and surface water at the Site. A supplemental Remedial Investigation and Feasibility Study has recently been completed to identify alternative remedies for Operable Unit 2 ("OU 2"). The response action to address the non-perchlorate contamination in the soil, sediment, and surface water at the Site is referred to as OU 2. (Operable Units 1 and 3 address other contaminated media at the Site.) On June 27, 2014, EPA released a Proposed Plan for public comment in accordance with Section 117(a) of CERCLA, 42 U.S.C. §9617(a), identifying EPA's preferred remedy for OU 2.

EPA issued a Record of Decision on September 25, 2014, selecting a remedy for OU 2 ("OU 2 ROD"). The major components of the selected remedy include: capping 1.3 acres of vanadium-impacted soils at the Site, establishing institutional controls on future uses of the Site to prohibit residential use and to ensure that all existing covers/caps are not disturbed, and excavating approximately 9,800 cubic yards of sediment from a stream at the Site known as the Hudson Branch.

EPA will furnish a copy of the OU 2 ROD to you upon request. Should you wish to examine any of the documents which form the basis for the remedial actions selected by the OU 2 ROD, you may inspect copies of the administrative record during regular business hours at EPA's offices in New York City or at the local repository located at the Newfield Public Library, 115 Catawba Avenue, Newfield, New Jersey. Please contact Sherrel Henry at 212.637.4273 if you wish to arrange an appointment to inspect the administrative record at the EPA office.

Notice of Administrative Settlement Agreement Negotiations

By this letter, EPA wishes to initiate discussions with SMC to voluntarily finance and perform the remedial design ("RD") for OU2 ("OU 2 RD"), as selected in the OU 2 ROD. If you are interested in fully financing or performing the RD, you must submit a written "good faith offer" to EPA on or before November 7, 2014.

In addition, EPA understands that SMC and the TRC Companies, Inc. ("TRC") have entered into a contractual relationship whereby TRC has agreed to assume cleanup liability otherwise held by SMC for remediation of certain hazardous substances at the Site. Accordingly, by copy of this letter, EPA also encourages TRC to submit a good faith offer to EPA to voluntarily finance and perform the OU 2 RD on or before November 7, 2014.

In order for your proposal to be considered a "good faith offer," it must be consistent with the OU 2 ROD and must include the following elements:

1. A statement of SMC's willingness to fully finance or perform the OU 2 RD consistent with the OU 2 ROD;
2. SMC's comments, if any, on EPA's draft Administrative Settlement Agreement and Order on Consent ("Settlement Agreement");
3. A demonstration of SMC's technical capability to carry out the OU 2 RD, including the identification of the firm(s) that may actually conduct the work or a description of the process you will use to select the firm(s);
4. A demonstration of SMC's ability to finance the necessary response actions;
5. A statement of willingness by SMC to reimburse EPA for costs incurred in overseeing your conduct of the OU 2 RD; and
6. The name, address, and phone number of the individual(s) who will represent SMC in negotiations.

Any agreement by SMC to conduct the RD must be memorialized in a Settlement Agreement under CERCLA. A draft of the Settlement Agreement and a draft statement of work are enclosed. Please note that many of the provisions of the Settlement Agreement are nationally consistent boiler-plate provisions that EPA does not plan to negotiate.

If EPA receives what it considers to be a good faith offer on or before November 7, 2014, then negotiations will be held for an additional period of up to sixty (60) days to finalize the agreement in a Settlement Agreement. However, should EPA determine that a good faith proposal has not been submitted by November 7, 2014, EPA may thereafter initiate a federally-funded remedial action at the Site, the costs of which you may be held liable for under CERCLA. EPA may also take any enforcement action it deems necessary, including issuing administrative order(s) under Section 106(a) of CERCLA, to require you to carry out the necessary OU 2 RD.

Your response to this notice letter should be sent to:

Sherrel Henry
Remedial Project Manager
U.S. Environmental Protection Agency
290 Broadway, 19th Floor
New York, NY 10007-1866

with a copy to:

Michael J. van Itallie
Office of Regional Counsel
U.S. Environmental Protection Agency
290 Broadway, 17th Floor
New York, NY 10007-1866

This notice is not being given under the special notice procedures of Section 122(e) of CERCLA, 42 U.S.C. § 9622(e), as EPA does not believe that those procedures would facilitate an agreement or expedite remedial action at the Site.

If you wish to discuss these matters in further detail, please contact Sherrel Henry at 212.637.4273 or henry.sherrel@epa.gov. Please direct all inquiries from an attorney to Michael van Itallie at 212.637.3151 or vanitallie.michael@epa.gov. We appreciate your prompt attention to this matter.

Sincerely yours,



Walter Mugdan, Director
Emergency & Remedial Response Division

Enclosures

cc: Marc S. Faecher, TRC Companies, Inc.
John F. Dickenson, Jr., Esq., NJDOL
Donna Gaffigan, NJDEP
Sherrel Henry, EPA
Clay Stern, DOI/USFWS
Reyhan Mehran, NOAA